



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 1, 2005

S. 148

Professional Boxing Amendments Act of 2005

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on March 10, 2005*

SUMMARY

S. 148 would establish the United States Boxing Commission (USBC) within the Department of Commerce. The commission would protect the safety and interests of boxers and would govern the business of professional boxing by regulating boxing contracts, licensing and registering boxing participants, and issuing guidelines for ranking boxers.

Assuming the appropriation of the necessary amounts, CBO estimates that implementing S. 148 would cost \$7 million in 2006 and \$34 million over the 2006-2010 period.

S. 148 also would make violations of certain provisions of the Professional Boxing Safety Act of 1996 federal crimes. CBO estimates that this provision would not have a significant effect on direct spending or revenues.

By placing requirements on boxing commissions run by state and tribal governments, S. 148 would impose intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the cost of those mandates would not be significant and would not exceed the threshold established in UMRA (\$62 million in 2005, adjusted annually for inflation).

S. 148 would impose several private-sector mandates as defined in UMRA on the boxing industry. CBO estimates that the total direct cost of those mandates would fall below the annual threshold established by UMRA for private-sector mandates (\$123 million in 2005, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 148 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars				
	2006	2007	2008	2009	2010
CHANGES IN SPENDING SUBJECT TO APPROPRIATION ^a					
Estimated Authorization Level	8	8	7	6	6
Estimated Outlays	7	8	7	6	6

a. S. 148 Also could increase direct spending and revenues, but CBO estimates that any such effects would be less than \$500,000 a year.

BASIS OF ESTIMATE

CBO estimates that implementing S. 148 would cost \$34 million over the 2006-2010 period, assuming appropriation of the necessary amounts. For this estimate, we assume that the bill will be enacted before the start of 2006 and that the amounts estimated to be necessary will be appropriated for each year beginning in fiscal year 2006. Enacting the bill could increase both direct spending and revenues, but CBO estimates that the amounts of any such changes would not be significant.

Spending Subject to Appropriation

S. 148 would authorize the appropriation of such sums as necessary for establishing a boxing commission to regulate professional boxing matches and those individuals involved in the sport. Based on information from the Department of Commerce, CBO estimates that those activities would cost \$7 million in 2006 and \$34 million over the 2006-2010 period, assuming appropriation of the necessary amounts.

Currently, tribal and state boxing commissions act as governing bodies—issuing licenses, ensuring boxing safety, and monitoring boxing contracts and fights within their jurisdiction. The USBC would not replace those entities or the activities they undertake; however, the bill would specify the minimum safety standards and licensing requirements those entities must

maintain. S. 148 would create a separate, federal entity to govern the sport of boxing with national, minimal standards and requirements for the business of professional boxing.

United States Boxing Administration. S. 148 would create the USBC within the Department of Commerce. It would be headed by a three-person commission to be appointed by the President. In addition to those positions, the bill would allow the hiring of the necessary staff to fulfill the requirements of the bill. The USBC would monitor compliance with provisions in the bill that would establish minimum safety standards for matches and would require medical testing and disclosures. The USBC would issue regulations concerning the ranking of boxers by sanctioning organization, contractual requirements, and other issues. Finally, the USBC would have to process submitted contracts for boxing matches and approve certain types of boxing matches before they could occur.

Assuming the appropriation of the necessary amounts, CBO estimates the costs of the USBC would be about \$4 million in 2006 and about \$24 million over the 2006-2010 period.

Licensing and Registration. S. 148 would require the USBC to license boxers, managers, and promoters every two to four years. CBO assumes that license fees would be similar to those now currently charged by state boxing commissions. The bill would require the USBC to maintain a registry with the names of licensed boxers, managers, and promoters as well as boxing judges and referees. Based on spending for similar registries, CBO estimates that the cost of developing the boxing registry would be about \$2 million over the 2006-2009 period, assuming the appropriation of the necessary amounts. CBO estimates that the licensing fees (considered offsetting collections) would offset the cost of maintaining the registry by about 2009.

Medical Registry. S. 148 also would establish a medical registry that would contain information about the health of each boxer, including medical records and incidents of medical suspensions. CBO estimates that developing and maintaining the medical registry would cost about \$2 million in 2006 and about \$8 million over the 2006-2010 period, assuming the appropriation of the necessary amounts.

Direct Spending and Revenues

The bill would allow the Attorney General of the United States to pursue criminal actions for violations of laws related to the boxing industry. The law already allows criminal prosecution of managers, promoters, matchmakers, and licensees. Because those prosecuted and convicted under S. 148 could be subject to criminal fines, the federal government might collect additional fines if the bill is enacted. Collections of such fines are recorded in the budget as governmental revenues, deposited in the Crime Victims Fund, and spent in

subsequent years. CBO expects that any additional receipts and direct spending would total less than \$500,000 each year.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 148 contains intergovernmental mandates as defined in UMRA because state and tribal boxing commissions would be required to meet certain health and safety standards and reporting requirements. Currently, most boxing commissions maintain various levels of health and safety standards. This bill would make those standards uniform. It would require boxers to be tested for infectious disease and require commissions to make health and safety disclosures to boxers when they are registered as well as expand safety requirements for boxing matches. Boxing commissions would be required to report all registries of boxers to the USBC and to meet uniform standards to be set by the USBC.

Information from tribes involved in professional boxing and from the Association of Boxing Commissions indicates that many state and tribal boxing commissions already regulate boxing matches using standards similar to those that would be required by this bill. CBO therefore expects any costs associated with additional health and safety measures and other USBC reporting requirements to be minimal.

S. 148 also would give the USBC authority to subpoena witnesses and evidence from any place in the United States, including Indian land. This authority would be considered a mandate under UMRA, but because it probably would be used rarely, it would not be likely to impose significant costs.

CBO estimates that the cost of complying with all of the intergovernmental mandates in the bill would not be significant and, therefore, would not exceed the threshold established in UMRA (\$62 million in 2005, adjusted annually for inflation).

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 148 would impose several private-sector mandates as defined in UMRA on the boxing industry. CBO estimates that the total direct cost of those mandates would fall below the annual threshold established by UMRA for private-sector mandates (\$123 million in 2005, adjusted annually for inflation).

The bill would require boxers, managers, promoters, referees, judges, and sanctioning organizations to be licensed by the United States Boxing Commission established in the bill.

According to representatives of the boxing industry, license fees would most likely cost the industry less than \$1 million per year.

The bill also would impose mandates on the industry by requiring additional safety standards, standard clauses for contracts, and the filing of reports. The bill would require boxers, managers, promoters, and sanctioning organizations to meet certain uniform standards addressing the health and safety of boxers. The bill would require certain contract provisions to be included in each bout agreement, boxer-manager contract, and promotional agreement and would require those agreements to be filed with the USBC. Sanctioning organizations would be required to adopt guidelines to be promulgated by the USBC for the rating of professional boxers. Under the bill, promoters, broadcasters, judges, referees, and sanctioning organizations would be required to report certain information about boxing matches to the USBC. Based on information from the Department of Labor and representatives of the boxing industry, a majority of the industry already complies in large part with the above requirements under state boxing commission regulations. Therefore, CBO estimates that the incremental cost for the boxing industry to comply with those mandates would fall well below the annual threshold established in UMRA.

In addition, entities in the private sector, if subpoenaed, would be required to attend and provide testimony, evidence, or materials related to any investigations the USBC may conduct. Such a requirement would be a private-sector mandate under UMRA. CBO expects that the Commission would likely exercise its subpoena power sparingly and that the costs to comply with a subpoena would not be significant.

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